

COMMITTEE ON GOVERNMENT REFORM

TOM DAVIS, CHAIRMAN



NEWS RELEASE

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Contact: Robert White/Drew Crockett
(202) 225-5074

Congress Approves Davis Legislation to Eliminate Employee ‘Open Seasons’ in Thrift Savings Plan

WASHINGTON, D.C. – Congressman Tom Davis (R-VA) is pleased to announce that the U.S. Senate today unanimously approved H.R. 4324, a bill to reform the federal Thrift Savings Plan (TSP) to allow employees to make changes at any time to the amount of their own money they can contribute toward their retirement account. The bill passed the U.S. House of Representatives by unanimous voice vote on November 19th, 2004, and now heads to the President’s desk to be signed into law.

H.R. 4324, the “Thrift Savings Plan Open Elections Act of 2004,” was introduced by Congressman Davis. The bill permits participants to begin or stop contributing to the TSP or to alter their contribution levels at any time, with the change to take effect “on the earliest date after the change is made.” Right now, participants can only start, end, or adjust their contributions during two periods of the year, the so-called “open seasons.”

“Every day, federal employees across the nation and around the globe perform critical duties that keep this nation running smoothly,” Davis said on the House floor today. “Away from work, they experience all of life’s events – births or deaths in the family, new homes, new jobs, salary adjustments, and so on. With enactment of H.R. 4324, TSP participants can adapt their retirement savings to meet their changing circumstances.”

The final version of H.R. 4324 does not affect when agency matching contributions take effect. Employees must wait until the second open season following their start of federal service to receive matching contributions of up to 5 percent of salary, meaning some employees receive agency matching funds after seven months, and some have to wait nearly a year. Davis intends to introduce legislation next year to address this internal inequity.

“Today is a great day for federal employees. Our work is not finished, however, and I look forward to working with my colleagues to make additional improvements to the TSP program in the near future,” he said.

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